



Business Operations Office

**May 1999
Commander's Conference**

Carla

Liberatore



Who is Carla Liberato?





Agenda

- **Budget/POM Outlook**
- **What's on the Horizon**
- **Enhancing Communication**
- **Conference Workshops**
- **Final Thoughts**



Long-Range Resourcing Picture

- A POM Perspective -

- **Current FTE Baseline not Affordable** Why?
- **OSD pressure to Shift Infrastructure Dollars to Recapitalization Accounts**
- **Similar Recapitalization of DCMC Investments Accounts a MUST**
- **Legacy Funding for MOCAS to Bridge to SPS**
- **Cost of FTE Reductions from within Guidance**
- **Further Reductions of FTEs through POM Horizon a Certainty**



Impact of Congressional/PBD Marks (\$M)

		<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>
<u>FY 03</u>					
FY 99 Pres Budget Request	959.9	972.7	908.2	935.0	957.7
Transfer In: SPAWAR	- 1.1	0.6	0.6	0.6	
Congressional Marks:					
Equipment	- 14.9	-	-	-	-
ADP Legacy System	- 4.3	-	-	-	-
Foreign Currency Fluctuation	- 1.1	-	-	-	-
Defense Reform Initiatives	- 0.9	-	-	-	-
Revised Economic Assumptions	- 1.1	-	-	-	-
Indian Lands Mitigation	- 0.7	-	-	-	-
OSD Management Withhold	- 1.2	-	-	-	-
PBD 070: Civilian Pay	- 12.7	- 17.1	- 17.6	- 18.1	- 19.2
Travel/PCS	+ 7.1	+ 5.3	-	-	-
EDW	+ 1.9	-	-	-	-
PBD 426: DFAS Costs		- + 3.6	-	-	-
PBD 604 & 606: Inflation	-	+ 9.1	+22.3	+28.5	+35.3
Revised Budget Request	932.0	974.7	913.4	946.0	974.9



FY 98/FY 99 Baseline

➤ FY 98

- Experienced a \$24M growth in labor costs
- Used nonlabor accounts to cover shortfall (PCS, Corporate)
- Actions Taken: hiring freeze, October VERA/VSIP targeted at high grades

➤ FY 99

- FY 98 labor problem forced FY 99 rebaseline
- FY 99 initial plan reduced FTEs by 517
- Reduced FTEs by additional 452 in FY 99 PBD to cover labor shortfall
- Currently planning a RIF for 16 July; helps set FY 00 baseline and solve workload imbalances



VERA/VSIP/RIF Plan

of Personnel Impacted

First round of VSIP/VERA offered in Oct 98

38

Second round of VSIP/VERA offered in Jan 99

352

**Third round of VSIP/VERA offered in Feb 99
with release dates of 1 Mar, 1 Apr, 1 May,
1 Jun, and 1 Jul 99 to lessen impact of RIF**

14

**Fourth round of VSIP/VERA offered in Apr 99
at the RIF locations**

22

RIF Plan

DCMDE

40

**Long Island, New York, Pittsfield, and
Cleveland**

DCMDW

16

Los Angeles, Chicago, and Milwaukee



FY 00 Budget Strategy

- **Accelerated FY 00 FTE reductions into FY 99**
- **Nonlabor cannot afford further reductions...trying to hold constant travel, PCS, and training**
- **Balance FTE reductions with workload realignments, move people versus separating and hiring**
- **Infrastructure funded at level necessary to implement SPS and Paperless Contracting initiatives**



FY 00 Budget Challenges

- **AAR growth is forcing additional FTE reductions...what can be done to reduce the AAR?**
- **Finding the right strategy to achieve our FTE target for the least amount of cost**
- **Finding ways to reduce our other nonlabor costs such as facilities, communications, vehicles, etc.**
- **Must actively manage all reimbursable work**

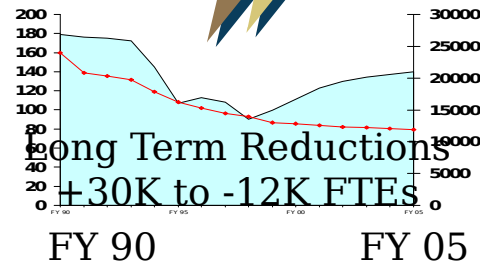


DCMC FMS Topics

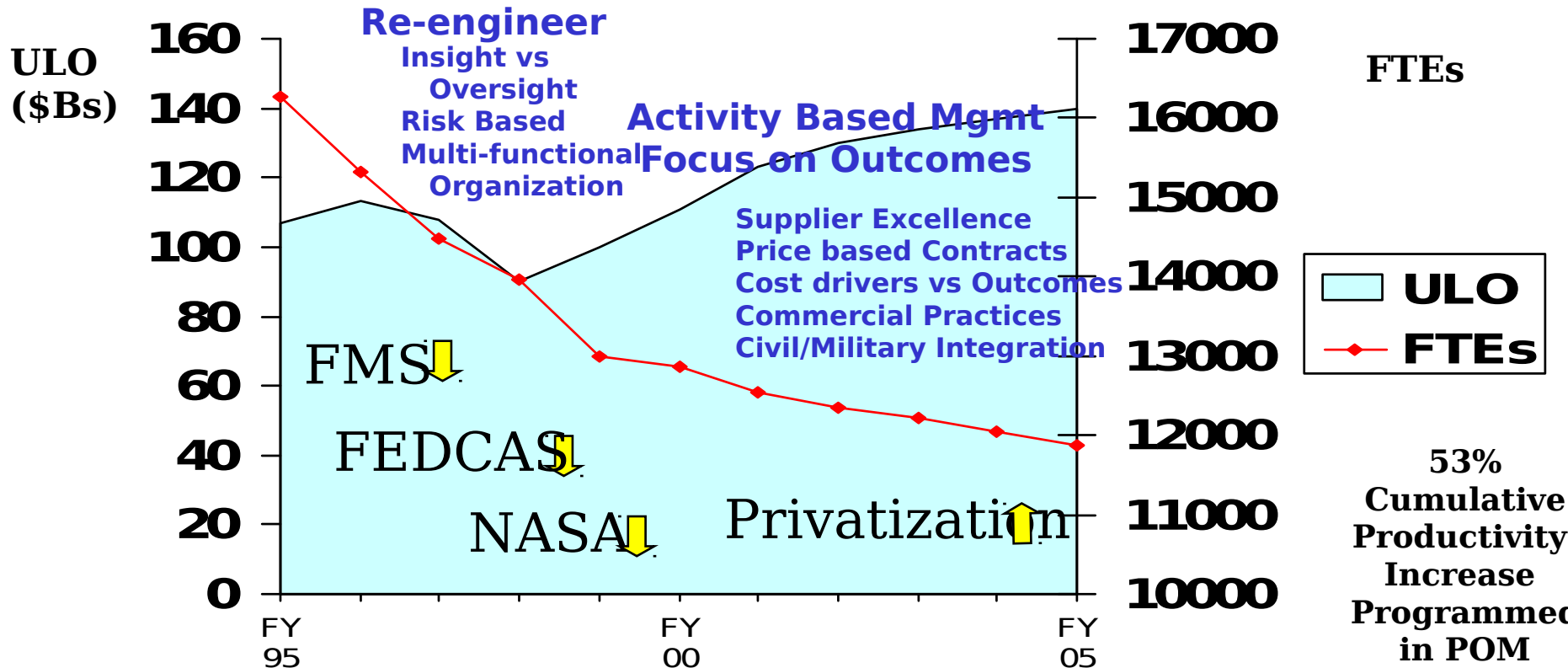
- **Solvency of DSCA FMS CAS Fund**
- **Direct Commercial Sales - Foreign Government Buy Around**
- **General workload declining**
- **Host Nation CAS**
 - **\$11m/year CAS to foreign customers funded by O&M**
 - **Several new agreements in process**
- **Memorandum of Agreement with DSCA - teaming for results**
 - **Using DFAS data for disbursements in lieu of MOCAS data**
- **DCMC FMS IPT**



DCMC Productivity Improvement



	FY 99		FY 01		FY 03		FY 05
ULO/FTE (M FY99 \$)	7.69	8.52	9.53	10	10.3	10.4	10.6
Productivity Gain (FY99\$)	18.0%	11.0%	12.0%	5.0%	2.0%	2.0%	2.0%
FTE Reduction	-6.9%	-1.1%	-2.5%	-1.5%	-1.0%	-1.4%	-1.5%



Continue the legacy of change to improve CAS and reduce costs

Activity Based Mgmt and Board Concept Linked to DCMC PPBS Process



Use Process to continue downward
pressure on DCMC resources

Involve customer/stakeholders
up-front in streamlining
initiatives.

DCMC Integrated Management System



Board meetings timed prior
to POM and BES to influence
plans and exert downward
pressure on costs.

Assess prior to submission
rather than after the fact



What's On The Horizon

More District
and
Field
Involvement

Improve
DCMC Teaming

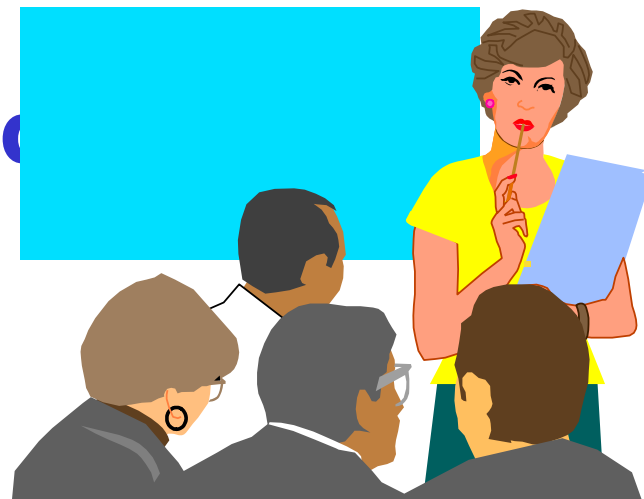
- **Strategic Programming/Budgeting Approach**
 - **Predictive Approach**
 - **Building Strategic Alliances (OSD, Congressional Staff, Customers, Contractors)**
 - **Board of Directors**
 - **Risk-Based Staffing**
 - **Integrate Workforce Development into Resource Planning**
 - **New Unit Cost Tools**

Risk-Based
Disengagement



What's On The Horizon (cont.)

- **BPT /RUC Refinements**
 - **Streamlined Processes**
 - **Close Review of CAO Mergers/
Consolidations**
 - **BPT/RUC Process Needs
to be Followed.
NO EXCEPTIONS.**





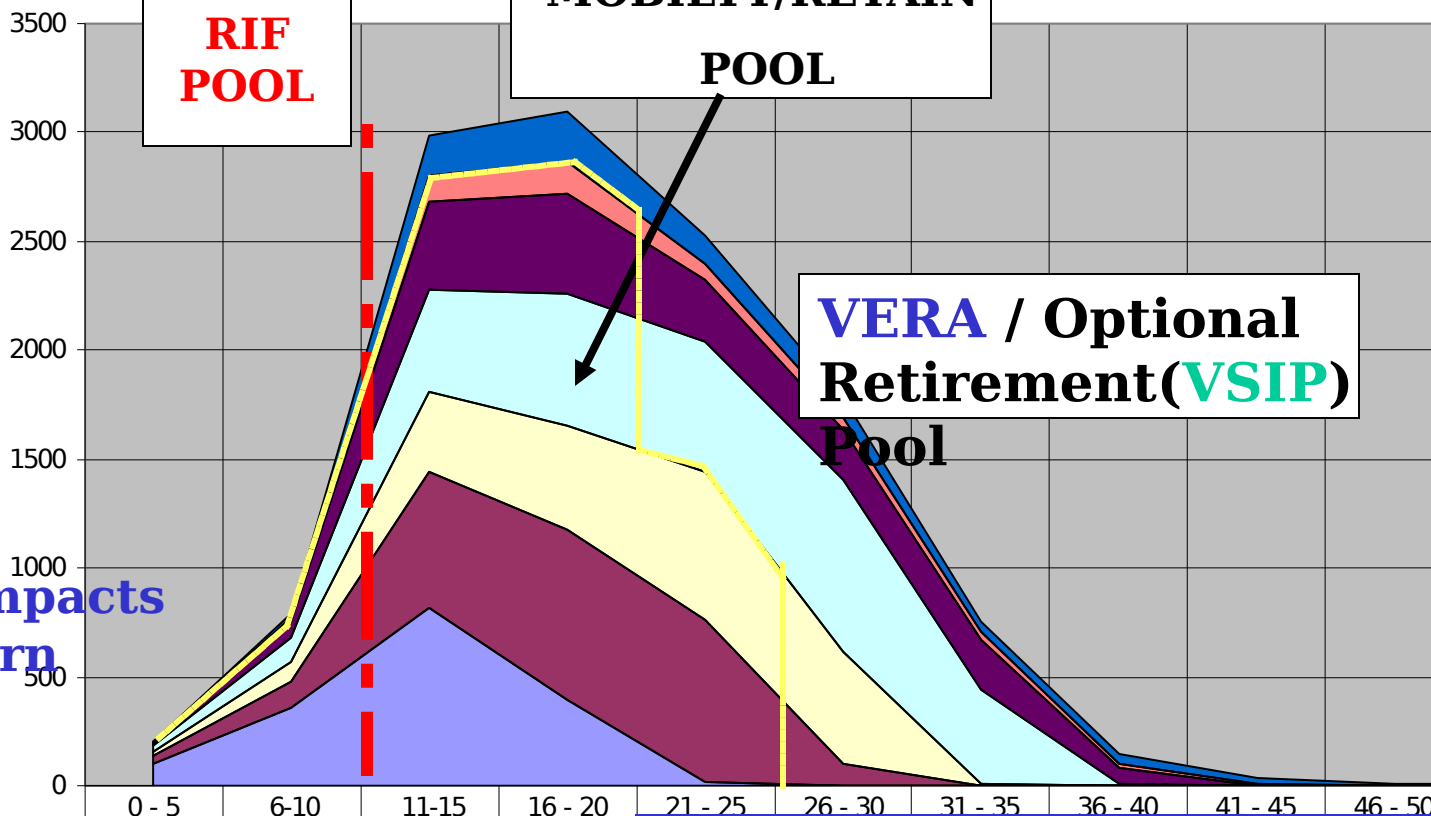
What's On The Horizon (cont.)

- **Refinements in Internal Assessments**
 - **Revised USA/IOA Cycle (link to Commander Arrival - Within 6 Months of Assuming Command)**
 - **Establish Performance Baseline**
 - **Significant Reductions in Paperwork Documentation for MCRs**
 - **Establish IOA Team Process Functional Leads**
 - **Greater Augmentee Participation on IOAs**
 - **IOA Report Format Change**
 - **CAOs leverage assessment results to eliminate redundancies**

Downsizing Realities

More Bad News

Employees



Funding impacts at every turn

	0 - 5	6-10	11-15	16 - 20	21 - 25	26 - 30	31 - 35	36 - 40	41 - 45	46 - 50
62 and OVER	2	24	188	231	130	93	49	41	26	8
60-61	3	19	121	139	75	50	36	23	9	0
55-59	9	73	401	459	285	226	229	71	1	0
50-54	26	110	470	609	596	794	429	9	0	0
46-49	25	86	362	476	678	515	12	0	0	0
40-45	32	123	627	787	741	101	0	0	0	0
UNDER 40	103	357	819	392	22	0	0	0	0	0

Years of Service



What's On The Horizon (cont.)

- **Workforce Development Plan**
 - **More Comprehensive Strategy (TWI/DLAMP/MDLP/PEP/Interns)**
 - **Includes Training Plan**
 - **Includes Civilian and Military Requirements**
 - **Future Skills Planning/Alignment Options**
 - **Rotation Policy**
 - **Mobility Policy**



Military Training Issue

- **More Focus on Military Training**
 - ▢ **Currently, DCMC Offers little Guidance**
 - ▢ **Training Management Information**
 - ▢ **Automated System Tied to Civilian Personnel Records**
 - ▢ **Military Training Information Must Be Handled Off-**
 - ▢ **Training Metrics**
 - ▢ **DAWIA - Business Plan Metrics Guide Unclear**
 - on Treatment of Military**
 - ▢ **PLAS - Military and Civilian Training Hours are Reported**
 - ▢ **Quota Utilization - Only DCMC Quotas.**



Military Training Issues (Cont.)

➤ Funding

▮ Confusion Over DCMC Funded Versus Service

Funded Training

▮ Tri-Service Agreement for Flight Ops

▮ Specifies DCMC has no Disciplined Process to Address Training Responsibilities

Military Training

▮ No IDP Requirement **▮ Limited Opportunities for Service Members to**

Obtain Career Counseling

▮ DCMC Geographic Dispersion Limits Access to

Some Service Members



Enhancing Communication

- **Feedback from Field**
- **Need for more District/Field Involvement in Decision-Making Processes**
- **District Business Chiefs Piped into Weekly Staff Meetings**
- **New BCM to Improve Integration**



Conference Workshops

- **Designed to Provide Tools/Information You Can Use**
- **CAO Commander/HQ Staff Involvement - Your Feedback is Important**
- **DCMC-B Topics**
 - **Training Plan**
 - **Unit Cost Management**
 - **Internal Customer System**
 - **IOA/SFA**



Final Thoughts

- **Aggressively Working Budget and POM Issues, Tough Decisions Continue**
- **Proactive with our Approach vs. Reactive**
- **More Integration of Risk Management into Resourcing**
- **Need your input to create/execute more effective policies**



Questions